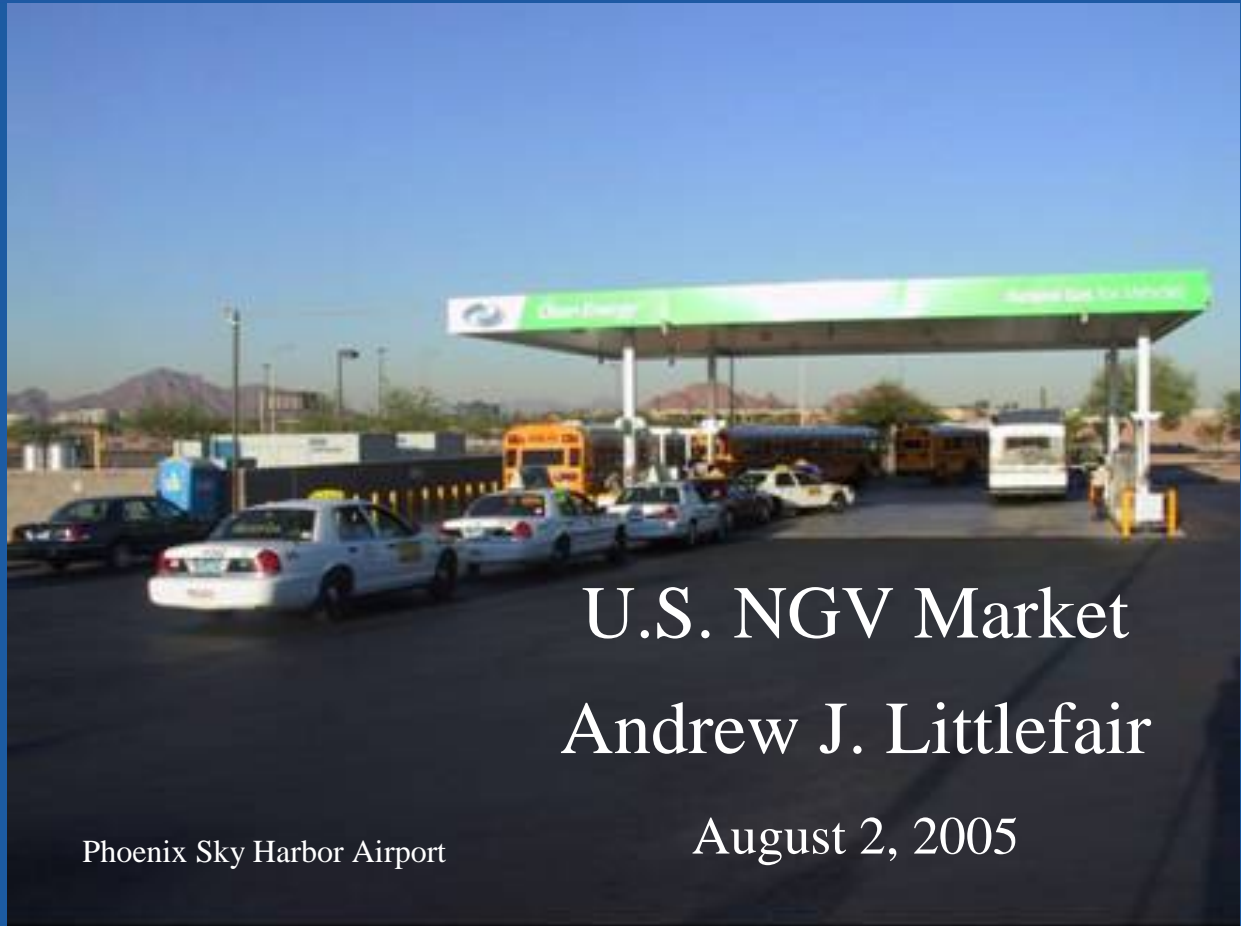




*Clean Energy*SM

North America's leader in clean transportation



U.S. NGV Market
Andrew J. Littlefair

Phoenix Sky Harbor Airport

August 2, 2005

Company Background

- ▶ Largest provider of vehicular natural gas (CNG and LNG) in North America
- ▶ Design, build & operate NG stations
 - Over 160 in operation with High Volume Fleet Focus
 - Deliver LNG to third parties
- ▶ 40% growth for 2004 vs. 2003
 - 46+ million gallons
 - \$50+ million revenue
- ▶ For 2005:
 - Continued growth!
 - 60+ million gallon annual run rate based on July sales



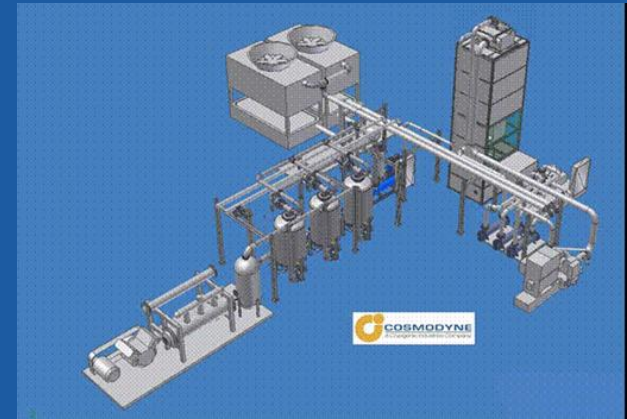
Los Angeles International Airport



Phoenix Transit

Our Commitment to the Future

- ▶ \$100 million approved by BOD to meet 5-year aggressive growth plan
- ▶ Highlights include:
 - California LNG Plant
 - 80,000 gpd with capability to add two additional trains
 - 50 CNG stations
 - 42 LNG stations
 - 60 additional staff for marketing and operations

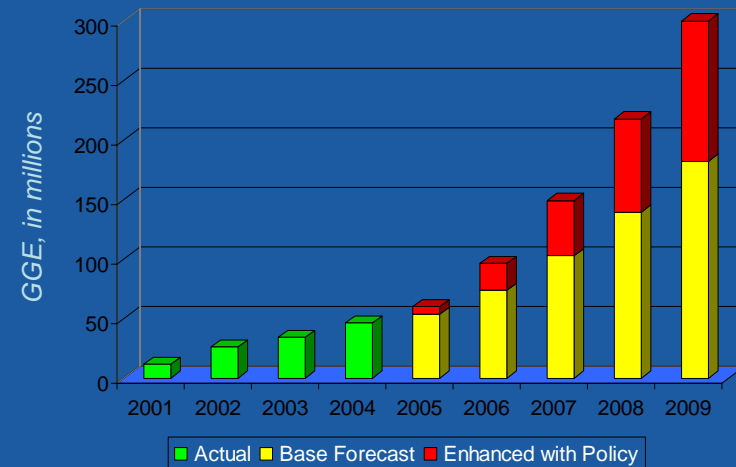


Nitrogen Rejection Cycle

Our Volume Goals (CNG & LNG)

- ▶ **Base Case, 185 MM gallons**
 - Assumes traditional growth from existing fleets as remaining gasoline & diesel vehicles are replaced
 - Similar new fleet growth
 - Continued Public Policy for franchise agreements

- ▶ **Enhanced Case, 300 MM gallons**
 - EPA Waiver to allow SCAQMD Fleet Rules to be reinstated
 - Increased 2007/10 diesel engine cost to meet lower NO_x and PM₁₀ emission requirements
 - Increased LSD cost/gallon compared to LNG beginning 2007
 - Favorable Energy Bill



Why are we successful?

- ▶ Locate station with an “Anchor Tenant”
 - Refuse, Transit, Municipal, and Utility operations
 - Airports to service landside operators like transit, taxis & shuttles
 - 20,000 gallons per month, minimum
- ▶ Add Perimeter Public Access when economical and practical
 - Separate Business
 - Increases asset utilization
 - Compliments time-fill station



NG Supply Outlook

- ▶ 180,000 GPD of LNG Production in Southwest U.S.
 - Requires plant expansions to meet growing demand
 - Clean Energy to build new California Liquefaction Plant
- ▶ NG futures are \$7-\$8 per MMBTU
 - Less than 5% imported
- ▶ Oil futures are \$60+ per BBL
 - More than 60% imported
- ▶ Historically, Oil/NG is 7-8 times
 - Higher oil rises, the greater the spread between gasoline and CNG on a per gallon basis

NG Supply Outlook

- ▶ Federal Energy Policy will move power generation to other fuels because 30+% of NG is used for Power Generation
 - Clean Coal and Nuclear will fill void
- ▶ Import LNG Terminals will provide additional supplies from stranded markets around the world
- ▶ Sempra/Shell committed \$700 million to build an LNG Terminal near Ensenada, Mexico (2009)
 - Provide 1 BCF per day
- ▶ Several LNG Terminals to be built/proposed on the East & West Coasts and the Gulf



West Coast Success Stories

California Transit Rule

- ▶ 4,500+ NG Buses in operation
- ▶ 2000, Dual Path Program Launched
 - Diesel Path
 - Accelerated NOx emission reductions
 - 2.4 gm/2002 & 0.5 gm/2004
 - Required Fuel Cell Demo
 - Alternative Fuel Path
 - Less aggressive NOx reductions
- ▶ Only NG engines met the 2004 requirement
 - CARB relaxed diesel to 1.8 gm to allow diesel hybrids...with a \$200,000 incremental cost!
- ▶ 2007, Diesel and NG, 0.2 gm/bhp NOx
 - Both John Deere and Cummins Westport have committed to meet EPA 2010 0.2 gm NOx standard in 2007



Refuse

- ▶ 1,600+ NG trucks in California
 - National Fleets, including Waste Management and Republic; City's of Los Angeles, San Diego and Santa Monica
- ▶ Elected Officials incent/mandate Franchise Agreements to use NG
- ▶ Diesel Trucks continue to be replaced/retired at existing NG sites
- ▶ Need Class 8 Transfer Truck
 - 13 to 15 liter engine & chassis configuration is unavailable
 - 20,000+ gallons/year/truck



South Coast AQMD

- ▶ Jurisdiction over Los Angeles, Orange, Riverside and San Bernardino Counties
 - Population of 15+ million
- ▶ Passed stringent alternative fuel mandates for both public and private fleets domiciled in the Region
 - Challenged & defeated by EMA and WSPA, and will be reinstated in 2005!
- ▶ Requires Airport operations, Municipal, Refuse Trucks, School Buses, Street Sweepers & Transit Buses to use alternative fuels!
- ▶ These Rules will likely be accepted by other AQ Districts in California and/or Regions classified EPA non-attainment across U.S.

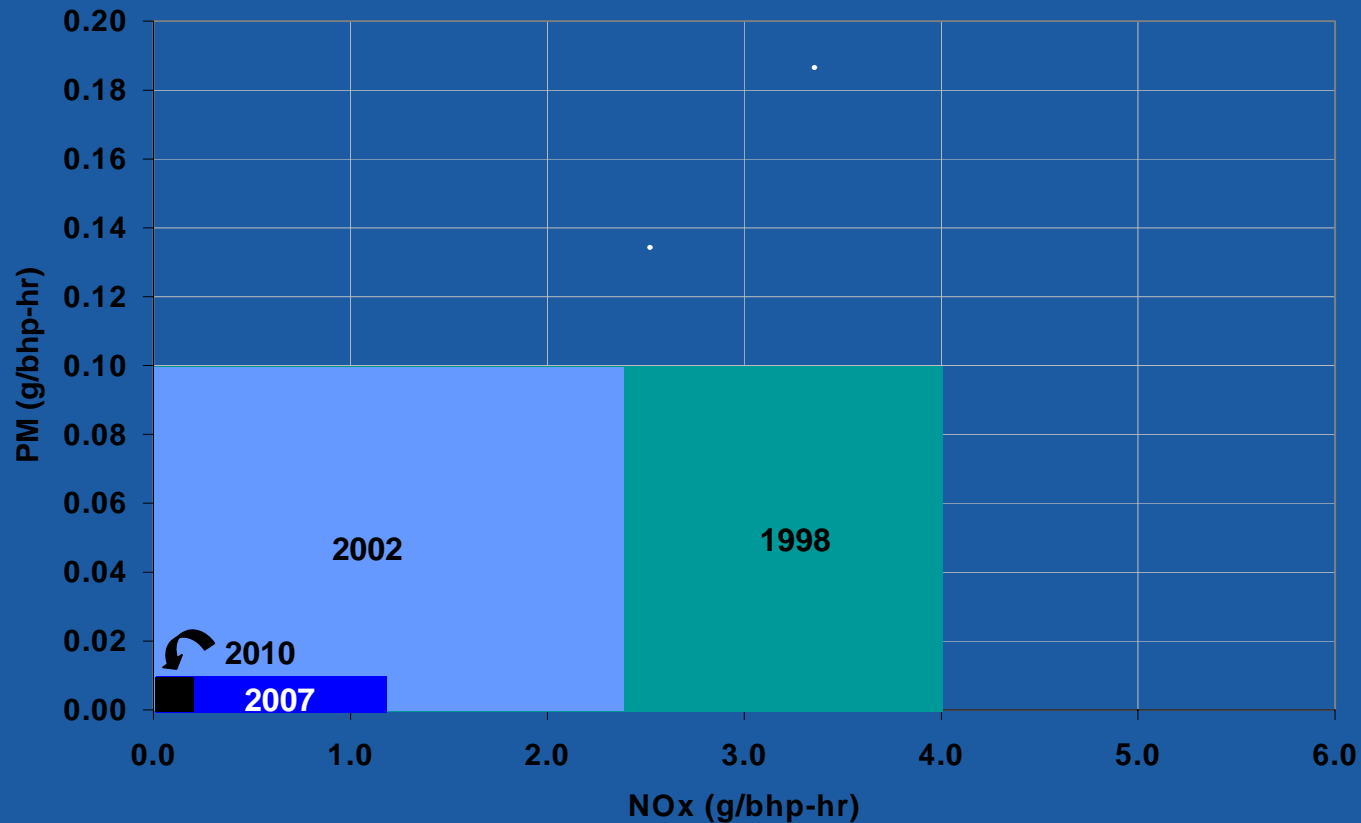


Market Drivers

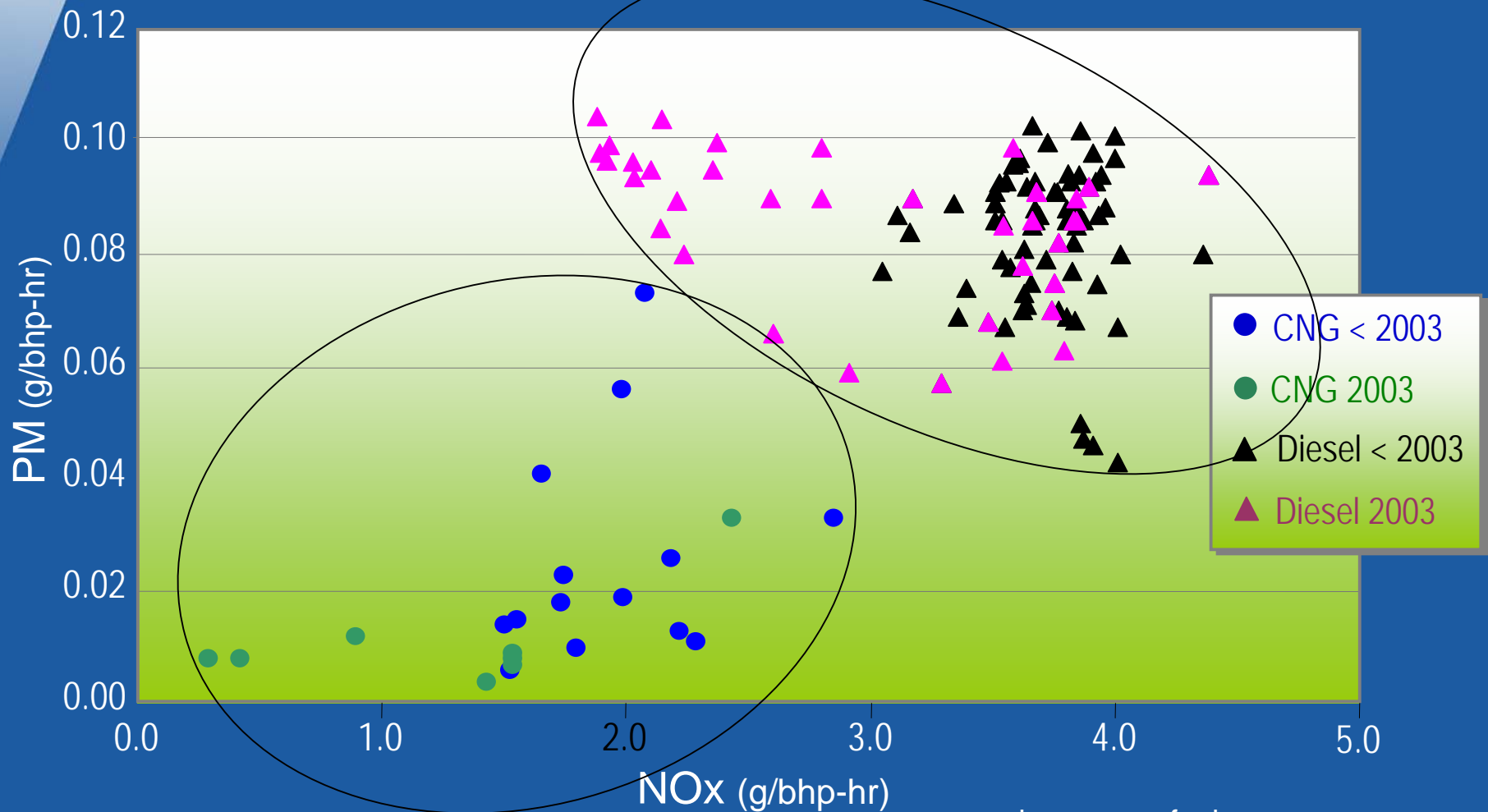
Government Drivers

- ▶ EPA On-Highway Diesel Emission Standards (2007 & 2010)
 - NG engines will meet 2010 standard (.2 gm/bhp NOx) in 2007
- ▶ Airport Fleet Mandates (OAK, PHX, SEA & SFO)
 - Require alternative fuels to expand operations
 - VALE Program, \$\$\$
 - Needs to allow private fleet owners to access funding
 - Need OEM Taxi and Shuttle Van
 - Current upfit process is expensive!
- ▶ Grant Money
 - \$1+ billion per year to displace diesel and cost share station in infrastructure

U.S. EPA Diesel On-Road Engine Requirements



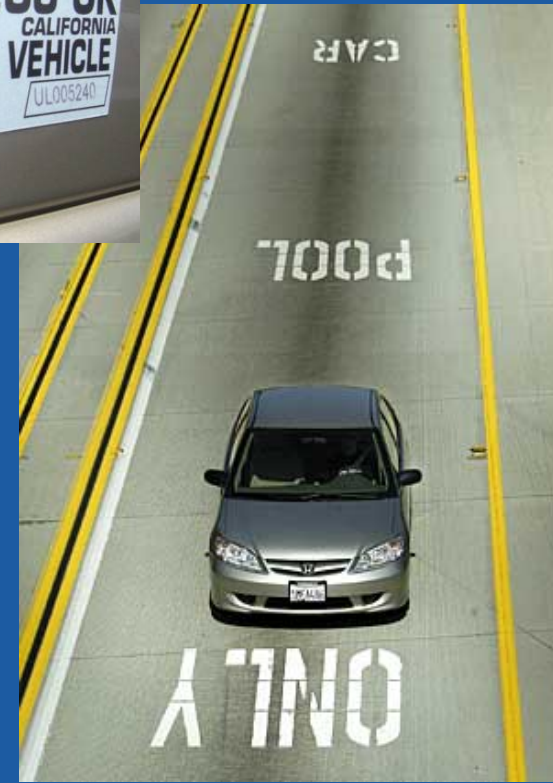
Recent Diesel and NG Engine Emissions



Opportunities and Needs

Light-duty

- ▶ Taxis and Shuttle Vans, especially for Airports
 - Need OEM models!
 - 10,000 units/year, minimum, to make business case
 - Consumer purchases necessary
- ▶ Consumer (HOV Access)
 - Honda GX
 - “Phill”, Home Fueling should resolve infrastructure gaps



Light-duty

- ▶ Europe's OEMs need assurance a viable U.S. market exists before certifying their NG models
- ▶ Can DOE assist American & existing Foreign NGV producers with certification and crash testing?
- ▶ DOE support will send strong signal that the U.S. market is moving in the right direction



Medium and Heavy-Duty

- ▶ Class V and VI M2 Trucks
 - Need OEMs to engineer NG engines into existing chassis
- ▶ Yard Hostlers
 - Port of Los Angeles required most recent lease to P&O Nedlloyd to be “Clean Fuels”
- ▶ Others?



HD Engines for Intrastate Trucking (2007)

- ▶ Cummins 15 Liter ISX
 - Pre-production Phase & pilot project on 401 corridor, Canada
 - Need assistance resolving high pressure LNG pump
- ▶ We've committed \$180K for Phase I development of a 13-liter engine with Clean Air Power & Caterpillar
 - Dual fuel engine
- ▶ Need DOE support to insure 2007 product availability



NG On-board Storage

- ▶ CNG Cylinders
 - Few suppliers
 - Steel (Type I) to Composite (Type IV) have increased by 2-3 times over past few years
 - Need DOE support to develop cost effective solution
- ▶ LNG Tanks
 - Two suppliers
 - Two years ago, several tanks could not maintain vacuum and vented fuel after 1-2 days
 - Need DOE support to develop cost effective solution

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